HEALTH QUALITY COUNCIL

Our Journey Continues...

Annual Report 2003 - 04

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Quality Health Care
Your goal, and ours.

The Health Quality Council is an independent agency that measures and reports on quality of care in Saskatchewan, promotes quality improvement, and engages its partners in building a better health system. The Council is the first of its kind in Canada. It is led by an appointed panel of provincial, national, and international health leaders.

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Message from the Chair

Our Journey Toward Quality Improvement Continues

Stewart McMillan

Our first full year of operation has been a busy and exciting one. We continued to establish the infrastructure necessary to improve the quality of care and the caring experience in Saskatchewan's health system. And we mapped out our plan for moving forward toward that goal.

New CEO On-board

During the first few months of the year, our Board concentrated on finding a leader to steer the Health Quality Council (HQC). In September, we announced that Dr. Ben Chan, a Senior Scientist with Ontario's Institute for Clinical Evaluative Sciences (ICES), had accepted the position of Chief Executive Officer.

Dr. Chan is an accomplished health researcher as well as a practising physician. His main research interests are physician human resource planning, delivery of primary care, and assessing quality of care. He has practised medicine in more than 60 communities across eight Canadian provinces and territories. He received his M.D. from the University of Toronto, his Master of Public Health from Harvard, and his Master of Public Affairs from Princeton.

Our new CEO brings a unique blend of research and clinical experience that is ideally suited to the HQC. His research interests are a close match with our mandate and his experience as a physician means he is in touch with real world health system challenges and issues. We feel very fortunate to have attracted someone of Dr. Chan's calibre to head the Council.

Strategic Plan

During the first six months of his tenure, Dr. Chan has focused on building a team to fulfill the Council's mandate and working with our Board to develop a strategic plan that sets out our priorities for the months ahead. We anticipate that 2004-05 will be a period of considerable growth and activity, as new staff come on-board and we begin addressing the projects on our agenda.

Key to successfully carrying out our plan is access to Saskatchewan's rich administrative data, both for measuring current performance and tracking improvement as we move forward with our health system partners. Because of his experience at ICES in Ontario, Dr. Chan was well positioned to advocate persuasively for more open access to this important resource. The new data access agreement struck between the HQC and Saskatchewan Health represents a significant shift in culture. It signals too the Department's commitment to helping fulfill our mandate, for which we are grateful.

Initiatives and Consultation

The HQC undertook several initiatives this year aimed at engaging our community of stakeholders:

Quality Improvement Network

We established a Quality Improvement Network (QIN) to function as a strategic alliance between regional health authorities, the Saskatchewan Cancer Agency, and the HQC. The Network provides members with financial support to build their quality improvement infrastructure and capacity, and serves as a forum for exchanging successes and lessons learned. An advisory group that includes QIN members and representatives from professional organizations, government, and the public meets three times a year to learn about quality improvement, share ideas, and advise us on local challenges and issues.

Innovation Fund

Encouraging and supporting new approaches to quality improvement is part of the HQC's mandate. We created an Innovation Fund this year, as an incentive for practitioners and managers to develop and test creative ways to make Saskatchewan's health system even better. We are providing small grants to local projects that are making an impact on quality of patient care and that can be spread to other parts of the province.

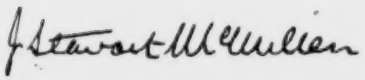
In this year's competition, we awarded funds to programs aimed at improving trauma response, nutrition, diabetes management, and prevention and diagnosis of mental health problems.

Consulting with our partners

We are committed to regular consultation and dialogue with our stakeholders and the public. As part of that commitment, we sought and received feedback on our strategic plan from many health system partners. We are reviewing this input and incorporating suggestions as we put our plan into action. The HQC strategic plan is a living document that will evolve as we implement it.

We also held the first of what we hope will be many public consultations. Our meeting on March 16 with the Community Advisory Networks of the Saskatoon Regional Health Authority was very positive, and we look forward to similar meetings with public groups in other health regions in coming months. The Health Quality Council continues to look at different options for engaging Saskatchewan residents and patients in quality improvement.

Our Board is pleased with the progress the Health Quality Council has made to date on its journey toward quality improvement. We are optimistic that, by continuing to work closely with our health system partners, we will be able to stay our course and progress steadily toward our destination.



J. Stewart McMillan, MB, ChB, CCFP, FCFP
Board Chair

Message from CEO

Our First Steps

Ben Chan

This year, the Health Quality Council (HQC) made significant steps forward in its journey toward improved quality in Saskatchewan's health care system. We have started to build a strong, multidisciplinary team of individuals to support our activities. We have put in place the infrastructure needed for quality measurement and quality improvement. And, we have developed a strategic plan that identifies the important and exciting priority projects we will embark upon in the coming year.

My family and I have also embarked on a long journey of our own, from Ontario to Saskatchewan. We are very grateful for the warm welcome we have received thus far, and look forward to integrating further into our community. It is an honour and a privilege to lead an innovative organization such as the HQC, and to work in a province that has long been a health care leader in Canada. It is my sincere desire to contribute to the preservation and renewal of our publicly funded health care system. I believe I can best do this through the mandate and work of the HQC.

Building a team

When I started at the HQC in October, I inherited an enthusiastic and talented crew of 13 staff previously employed at the Health Services Utilization and Research Commission (HSURC). Our first priority was to expand that team, build on its talents, and add depth and expertise in specific niche areas. We have hired new staff with backgrounds in epidemiology, biostatistics, and health economics, who will be part of the Quality Measurement and Analysis team. In the area of Knowledge Exchange, we are pleased to welcome new staff with skills in communications, quality improvement team building, change management, and conflict resolution. We have doubled in size and will continue to grow in the coming year.

Building the infrastructure

In order to measure the quality of care, we must first have access to data. A major accomplishment this year has been the signing of an interim agreement with Saskatchewan Health that provides the HQC with access to hospital, drug, long-term care, vital statistics, and physician services data. An expansion of this data access agreement is currently underway and the HQC intends to add data from other sources such as surveys and chart abstractions.

To improve the quality of care, we must develop solid partnerships with those stakeholders who can lead and coordinate change. A key accomplishment has been the establishment of the Quality Improvement Network (QIN), which includes representation of each regional health authority and the Saskatchewan Cancer Agency. An advisory group to the QIN includes a broader array of key stakeholder interests in the province. Through these structures, we can disseminate information from our reports on quality of care, exchange ideas for positive change, and coordinate quality improvement projects across the province.

Creating a strategy

Another important priority has been to develop a strategic plan for the HQC. This document outlines the HQC's aims and objectives at an operational level, and sets out our priorities for the immediate future. It represents a synthesis of earlier consultations with key stakeholders in the system, discussions

within our Board, and our assessment of the literature on where the greatest opportunities for quality improvement lie. The plan focuses on our main areas of activity: measuring and reporting on quality, and working with stakeholders to set up improvement projects to respond to issues identified in our reports. A critical component of our work will be to help stakeholders identify leading practices, whether from within Saskatchewan or elsewhere, and offer concrete ideas on how to improve patient care.

Looking forward to next year

This year, we will be moving forward in several priority areas. I want to highlight four studies that will be appearing in the near future. In the fall, we will release our first major report on the care that Saskatchewan residents receive after an acute myocardial infarction (heart attack). We will also report on optimal drug management in long-term care facilities and on chronic wound care. Toward the end of the fiscal year, we will have data from a province-wide survey of hospital patients. In all instances, we will ensure that intensive follow-up activities take place to respond to quality issues raised by our reports, so that these documents do not sit on a shelf collecting dust.

Moving toward our destination

While we have made considerable progress in the past year, we still have a long way to go on our journey. Reaching our ultimate destination will involve the continued hard work and dedication of our staff, our Board members, and all of our partners in the health care system. I am confident we will reach our goal and make a major contribution to the revitalization of our cherished health care system.

Ben Chan, MD MPH MPA
Chief Executive Officer

Year in Review

Setting our course

Our Mission

To improve the quality of care and the caring experience in Saskatchewan by encouraging use of best practice.

Strategic Plan

A key activity for our Board and management team this year was to develop a strategic plan for the Health Quality Council. This comprehensive document spells out our vision that the greatest gains in health care quality will come from focusing on the management of chronic diseases, health promotion, and care delivery in specific settings. The document also describes our main activities: measuring and reporting on quality, promoting improvement, and engaging our health system partners in building a better health care system. To support these activities, we have organized our agency into two functional areas: Quality Measurement and Analysis, and Knowledge Exchange.

Through quality measurement and analysis, we will demonstrate opportunities for improving care, identify leading practices, and measure the impact of programs or interventions to improve quality. We will foster knowledge exchange with our health system partners through ongoing, interpersonal conversations and through close working ties with organizations and groups.

Engaging our partners

National Forum on Quality Improvement in Health Care

In December, the Health Quality Council teamed up with the Saskatchewan Communications Network (SCN) to broadcast the National Forum on Quality Improvement in Health Care to 20 sites across the province. The forum, hosted by the Institute for Healthcare Improvement (IHI) in Boston, is the largest conference on quality improvement in the world. Nearly 750 Saskatchewan health care providers and managers tuned in to the satellite broadcast.

Quality Improvement Network

We launched the Quality Improvement Network (QIN) in July, to facilitate improvement within Saskatchewan's health care system. The Network, which comprises all 13 health regions and the Saskatchewan Cancer Agency, is providing a mechanism for members to share local quality improvement initiatives, identify opportunities for collaboration, and draw upon the group's diverse experiences and skills.

An advisory group to the Network includes all QIN members, as well as representatives from the Provincial Nursing Council, Provincial Medical Council, Saskatchewan Health, Network of Interdisciplinary and Regulatory Organizations, Saskatchewan College of Pharmacists, and the public. This group meets three times a year to discuss quality-related issues and identify opportunities to collaborate on common issues.

Partners in Health Conference

For the past two years, the Health Quality Council has collaborated with the Saskatchewan Association of Health Organizations (SAHO) in staging the Partners in Health Conference and Exhibition. This annual event showcases Saskatchewan health care success stories from all levels in the health system, and features some of the best and brightest innovators and thinkers from across Canada and beyond.

This year's conference was held in Regina from March 21 to 23. The theme was Building the Health Care Mosaic. We presented at several sessions and handed out the first Stellar Awards for Quality as part of the Honouring Excellence awards evening.

Public Consultations

As part of our commitment to engage Saskatchewan patients and residents in improving quality in the province's health system, we held our first public consultation March 16 in Saskatoon. We met with the Community Advisory Networks of the Saskatoon Regional Health Authority to discuss our strategic plan and to gather suggestions on how best to share the results of our work with, and involve more generally, Saskatchewan residents. Members of our Board and staff are planning similar meetings in other health regions for the coming year.

Our Definition of Quality

Quality health care is care that is accessible, safe, effective, patient-centred, timely, efficient, and equitable.

Promoting quality improvement

Building Capacity

During our first full year of operation, we invested resources in building quality improvement expertise and capacity—both within our staff and in Saskatchewan's health regions.

- In May our Board chair and a senior manager joined a delegation of local administrators and managers that spent 12 days in Scotland and England witnessing first-hand these countries' innovative approaches to organizing and delivering primary care. The Saskatchewan team, representing Regina Qu'Appelle, Saskatoon, and Five Hills heath regions, also learned about one of the world's largest quality improvement initiatives, the National Primary Care Collaborative.
- On a second idea-gathering trip, this one organized by the Health Quality Council, front-line primary health care professionals and policy-makers from Saskatchewan travelled to the United Kingdom (UK) in November to learn about innovative, team-based approaches to improving the quality of primary health care.

- We underwrote travel, accommodation, and conference costs for four local providers and managers to attend the National Forum on Quality Improvement in Health Care in December. An annual event, this year's conference in New Orleans attracted nearly 4,000 participants from around the world.
- In March we sponsored five Saskatchewan physicians to attend IHI's (Institute for Healthcare Improvement) Fifth Annual International Summit on Redesigning the Clinical Office Practice. Our team of local doctors learned about innovations from around the world that are improving patients' access to primary care.

Through investments like these, the Health Quality Council is building local teams of improvement experts. We are working with participating providers, managers, and decision-makers to help them apply this new knowledge, and encouraging them to find opportunities to share lessons learned with colleagues elsewhere in the province. The Saskatchewan delegation that travelled to the UK in November, for example, shared their experiences and insights as part of the Saskatchewan broadcast of the IHI National Forum.

In reviewing applications for learning opportunities abroad, we looked for evidence that interested providers and managers had the "right stuff"; we wanted to support individuals with potential to become local leaders and champions for improving patient care in Saskatchewan.

Sharing Success

Our satellite broadcast of the IHI National Forum on Quality Improvement provided an opportunity to share with Saskatchewan viewers local successes and innovations. In December we premiered Change for the Better, a new 20-minute video highlighting three home-grown projects that are improving quality of care and the caring experience right here in Saskatchewan: the Quality of Care Program, in the Intensive Care Unit at Saskatoon's Royal University Hospital; Five Hills Health Region's Warfarin Management Program; and Warm-up to Work, at Pineview Lodge in the Kelsey Trail Health Region.

Stellar Awards for Quality

In spring 2004 the Health Quality Council launched its Stellar Awards for Quality, as a way to recognize and promote the achievements of individuals and organizations improving health care quality in Saskatchewan.

Three groups or programs received awards in the Quality Improvement Champion category:

- The GROW Pathway Development Team in Regina Qu'Appelle Health Region was recognized for creating a program that is providing better treatment for patients with personality disorders;
- Saskatoon Health Region's Baby Friendly Initiative Partnership received a Stellar Award for supporting nursing mothers and helping Saskatoon become a breastfeeding-friendly city; and
- The Warfarin Management Team from Five Hills Health Region was honoured for its pharmacist-led, team approach to managing care of patients on the blood-thinning drug warfarin.

Saskatoon Health Region's Sherbrooke Community Centre received our Quality Improvement Environment Award, in recognition of the facility's many unique initiatives that have contributed to a richer care environment for staff and residents alike.

Innovation Fund

We launched our Innovation Fund this year, as a means of supporting new ideas and approaches to quality improvement. In the first round of competition, we awarded nearly $200,000 to five programs:

- A program to ensure consistent response to trauma situations (Sun Country Health Region);
- A program to pilot and evaluate an innovative treatment for patients diagnosed with a personality disorder (Regina Qu'Appelle Health Region);
- A program to raise public awareness about good mental health habits and to promote strategies for preventing mental health problems (Saskatoon Health Region);
- A program to improve residents' access to nutritious, appetizing, and appropriate meals at Parkridge Centre (Saskatoon Health Region); and,
- A program to improve the care management of insulin-dependent diabetics (Saskatoon Health Region).

In awarding Innovation Fund grants, we considered a number of criteria: Does the program improve the quality of patient care? Is it an improvement over current practice? Can it be applied elsewhere in the province?

In February, we received 30 preliminary proposals for our second round of competition. We invited full submissions from 15 of these, from which we will choose next year's Innovation Fund recipients. Our 2004-05 annual report will include details on the projects we supported in this second grant competition.

Reporting on quality

Measuring and analyzing current performance is a key component of our mandate. It enables us to demonstrate opportunities for improving care, identify leading practices, and measure the impact of programs or interventions to improve quality.

This year we reported on four projects started by our predecessor, the Health Services Utilization and Research Commission (HSURC):

Bone Mineral Density Testing
In April we announced the findings of this study on bone mineral density testing. A project team convened by the former HSURC concluded that Saskatchewan patients are being referred appropriately for testing, but recommended the province consider adding more testing equipment and more staff trained to provide the test. The working group suggested the province's current capacity for bone mineral density testing is likely insufficient to meet predicted increased need.

Evaluation of Quality Workplace Program
In June we released the results of a pilot project evaluation that involved front-line nurses in improving their working conditions. The project was a collaborative effort of the Saskatchewan Registered Nurses' Association (SRNA), the Saskatchewan Union of Nurses (SUN), the Health Services Utilization and Research Commission (HSURC), and Saskatchewan Health. Initial results suggest that involving nurses in making their workplaces better may have a positive impact on their

Our Vision

To make Saskatchewan health care better

We will do this by

- *Ensuring continuous, objective reporting on performance quality*
- *Supporting quality improvement initiatives*
- *Engaging all decision-makers – managers, providers, and patients – in the quality improvement movement*

Our Mandate

- Monitor standards of care
- Research and develop new standards for care
- Assess prescribing and use of prescription drugs
- Oversee drug approval processes
- Review new technologies
- Promote training and education programs
- Monitor and assess quality of services
- Explore human resource issues

job satisfaction and sense of control. Further research is required to determine the long-term impact on nursing retention and patient outcomes.

Caring for Hip Fracture Patients
November saw the release of a study on the quality of care received by patients who have fractured a hip. The key finding from this project was that the care hip fracture patients receive in the first three months after they leave the hospital has a major impact on their health outcomes. Patients who receive organized care such as rehabilitation services or home care during this critical period fare better than those who do not. The study team concluded that, while Saskatchewan seniors who suffer hip fractures receive timely surgical care, the province needs an integrated approach to caring for seniors when they leave hospital.

Shared Mental Health Care
In January we released the results of a study comparing a team approach to mental health care with that provided by family doctors on their own. We found that quality of care is better when doctors and mental health professionals work together to treat patients. The research also showed that patients prefer shared mental health care, and many health providers consider shared care to be a promising new way to deliver mental health care in the primary care setting.

Looking ahead

By fiscal year end, we had begun work on a number of new fronts, among them:

- Post-heart attack care
- Optimal drug management in long-term care
- Chronic wound care
- Province-wide survey of Saskatchewan hospital patients.

For all of these projects, we will report on current performance or quality, leading practices from Saskatchewan and elsewhere, and activities and initiatives underway in health regions to bridge gaps between actual and optimal patient care.

Board of Directors

Stewart McMillan
(Chair)

Marlene Smadu
(Vice-chair)

Yvonne Shevchuk

John Conway

Cecile Hunt

Steven Lewis

Dennis Kendel

Eber Hampton

Peter Barrett

Don Berwick
(Special Advisor)

Charlyn Black

Daniel Fox

Kenneth Kizer

Financial Statements

For the Year Ended March 31,2004

Report of Management

Management is responsible for the integrity of the financial information reported by the Health Quality Council (HQC). Fulfilling this responsibility requires the preparation and presentation of financial statements and other financial information in accordance with Canadian generally accepted accounting principles that are consistently applied, with any exceptions specifically described in the financial statements.

The accounting system used by the HQC includes an appropriate system of internal controls to provide reasonable assurance that:

- transactions are authorized
- the assets of the HQC are protected from loss and unauthorized use; and
- the accounts are properly kept and financial reports are properly monitored to ensure reliable information is provided for preparation of financial statements and other financial information.

To ensure management meets its responsibilities for financial reporting and internal control, Board members of the HQC discuss audit and financial reporting matters with representatives of management at regular meetings. HQC Board members have also reviewed and approved the financial statements with representatives of management.

The Provincial Auditor of Saskatchewan has audited the HQC's statement of financial position, statements of revenue, expenditure and changes in fund balance, and statement of cash flows. His responsibility is to express an opinion on the fairness of management's financial statements. The Auditor's report outlines the scope of his audit and his opinion.

J. Stewart McMillan, MB, ChB, CCFP, FCFP
Board Chair

Ben Chan, MD MPH MPA
Chief Executive Officer

Saskatoon, Saskatchewan
May 27, 2004

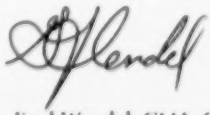
Auditor's Report

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Health Quality Council as at March 31, 2004 and the statements of operations, change in net assets and cash flows for the year then ended. The Council's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Health Quality Council as at March 31, 2004 and the results of its operations and its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.



Regina, Saskatchewan
May 27, 2004

Fred Wendel, CMA, CA
Provincial Auditor

Health Quality Council

Statement of Financial Position

As at March 31, 2004

Statement 1

	2004 ($000s)	2003 ($000s) (Note 10)
Financial Assets:		
Cash	$ 253	$ 1,519
Accrued interest receivable	46	-
Accounts receivable	35	11
Short-term investments (Note 3)	4,252	15
	4,586	1,545
Liabilities:		
Accounts payable	314	64
Payroll liabilities	52	2
	366	66
Net Financial Assets	4,220	1,479
Non-Financial Assets		
Tangible capital assets (Note 4)	106	30
Prepaid expenses	-	16
	106	46
Accumulated Surplus	$ 4,326	$ 1,525

Commitments (Note 9)

(See accompanying notes to the financial statements)

Health Quality Council

Statement of Operations

For the Year Ended March 31, 2004

Statement 2

	2004		2003
	Budget (Note 7)	Actual ($000s)	Actual ($000s) (Note 10)
Revenue:			
Saskatchewan Health General Revenue Fund	$ 5,000	$ 5,000	$ 1,525
Interest Income	-	77	-
Other Income	-	12	5
Total Revenue	$ 5,000	$ 5,089	$ 1,530
Expenses:			
Project Funding	$ 725	$ 217	$ 10
Grants	1,045	181	-
Wages and Benefits	1,647	1,175	224
Travel	194	121	-
Administrative and Operating Expenses	310	223	77
Honoraria and Expenses of the Board and Committees	395	164	40
Amortization Expense	-	40	3
Rent	170	167	43
Total Expenses	$ 4,486	$ 2,288	$ 397
Annual Surplus	$ 514	2,801	1,133
Transfer from Health Services Utilization and Research Commission		-	392
Accumulated Surplus, beginning of year		1,525	-
Accumulated Surplus, end of year		$ 4,326	$ 1,525

(See accompanying notes to the financial statements)

Health Quality Council

Statement of Change in Net Assets

For the Year Ended March 31, 2004

Statement 3

	2004 ($000s)	2003 ($000s) (Note 10)
Annual Surplus	$ 2,801	$ 1,525
Acquisition of tangible capital assets	(116)	(33)
Amortization of tangible capital assets	40	3
	(76)	(30)
Acquisition of prepaid expense	-	(16)
Use of prepaid expense	16	-
	16	(16)
Increase in net assets	2,741	1,479
Net financial assets, beginning of year	1,479	-
Net financial assets, end of year	$ 4,220	$ 1,479

(See accompanying notes to the financial statements)

Health Quality Council

Statement of Cash Flows

For the Year Ended March 31, 2004

Statement 4

	2004 ($000s)	2003 ($000s) (Note 10)
Operating Transactions		
Cash Received From:		
Saskatchewan Health General Revenue Fund	$ 5,000	$ 1,525
Interest Income	31	-
Health Services Utilization and Research Commission Transfer	-	367
Other Income	-	1
	5,031	1,893
Cash Paid For:		
Wages and Benefits	1,125	224
Supplies and Other	819	127
	1,944	351
Cash provided by operating transactions	3,087	1,542
Capital Transactions:		
Purchases of tangible capital assets	(116)	(8)
Cash applied to capital transactions	(116)	(8)
Investment Transactions:		
Purchase of investments	(7,561)	(15)
Disposal of investments	3,324	-
Cash applied to investment transactions	(4,237)	(15)
(Decrease) increase	(1,266)	1,519
Cash, beginning of year	1,519	-
Cash, end of year	$ 253	$ 1,519

(See accompanying notes to the financial statements)

Health Quality Council
Notes to the Financial Statements
March 31, 2004

1. Establishment of the Council

The Health Quality Council Act was given royal assent July 10, 2002 and proclaimed on November 22, 2002. The Council provides advice to government, regional health authorities, and health care professionals and reports to the public on a wide range of issues related to health system quality and performance. The Health Quality Council commenced operations on January 1, 2003.

2. Accounting Policies

The Health Quality Council uses Canadian generally accepted accounting principles appropriate for the public sector to prepare its financial statements. The following accounting principles are considered to be significant:

a) Operations

For the operations of the Health Quality Council, the primary revenue is received from Saskatchewan Health – General Revenue Fund. Other sources of revenue include interest and miscellaneous revenue. Expenses consist of cost of in-house research, project funding, and administrative costs. Contributions are recognized as revenue in the year received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

b) Tangible Capital Assets

Tangible capital assets are reported at cost less accumulated amortization. Purchases valued at $250.00 or greater are recorded as a capital asset. Amortization is recorded on a straight-line basis at rates based on estimated useful lives of the tangible capital assets as follows:

Office Furniture	10 years
Office Equipment	5 years
Computer Hardware	3 years
Computer Software	3 years

Normal maintenance and repairs are expensed as incurred.

c) Investments

Investments are valued at the lower of amortized cost or net realizable value.

d) Basis of Accounting

The financial statements are prepared using the expense basis of accounting.

3. Short-Term Investments

The Health Quality Council held several investments as of March 31, 2004. One investment is held with the CIBC for security purposes for the Council's credit card. All other investments are held with Saskatchewan Finance. All investments are for periods of one year or less. Investments will decrease substantially over the next fiscal year, as the funds will be used to implement the Health Quality Council's strategic plan.

3. Short-Term Investments (continued)

	2004 Carrying Value (000s)	Interest Rate
CIBC - Collateral	$ 15	1.60%
Sask Finance:		
Province of Quebec	$ 967	3.58%
Royal Bank	222	2.80%
Bank of Nova Scotia	222	2.75%
Province of British Columbia	1,485	2.50%
Province of Ontario	595	2.16%
Bank of Nova Scotia	746	2.07%
Total Investments	$ 4,252	

4. Tangible Capital Assets

	Office Furniture & Equipment (000s)	Computer Hardware & Software (000s)	2004 Total (000s)	2003 Total (000s)
Assets as of March 31, 2003	$ 34	$ 68	$ 102	$ 102
Additions during the year	58	58	116	-
Closing cost	$ 92	$ 126	$ 218	$ 102
Accumulated amortization as of March 31, 2003	21	51	72	72
Amortization for year	11	29	40	-
Closing accumulated amortization	32	80	112	72
Net book value of tangible capital costs	$ 60	$ 46	$ 106	$ 30

5. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown Corporations, departments, agencies, boards, and commissions related to the Council by virtue of common control by the Government of Saskatchewan, and non-crown corporations and enterprises subject to joint control or significant influence by the Government of Saskatchewan (collectively referred to as "related parties"). Other transactions with related parties and amounts due to or from them are described separately in these financial statements and notes thereto.

Routine operating transactions with related parties are recorded at the standard rates charged by those organizations and are settled on normal trade terms.

The Council pays Provincial Sales Tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

The Council pays the Goods and Services Tax (GST) on all its taxable purchases. The Council is eligible, and applies, for a rebate of 50% for the GST. The remaining 50% GST is recorded as part of the cost of the purchase.

Project Funding, Administrative and Occupancy Expenses

Capital Pension Plan - employee benefits	$	102,380
Cypress Hills Health Region		22,644
Five Hills Health Authority		4,440
Heartland Health Region		11,532
Mamawetan Churchill River Health Region		5,274
Prairie North Health Region		725
Regina Qu'appelle Health Region		500
Saskatchewan Centre of the Arts		588
SaskTel		21,524
Saskatchewan Association of Health Organizations		7,510
Saskatchewan Opportunities Corporation		179,671
Saskatchewan Property Management Corporation		895
Saskatchewan Workers' Compensation Board		3,724
Saskatoon Community Clinic		2,958
Saskatoon Health Region		129,751
Sun Country Health Region		250
Sunrise Health Region		7,389
University of Saskatchewan		24,341

6. Financial Instruments

The Council has the following financial instruments: accrued interest receivable, accounts receivable, investments, and accounts payable. The following paragraphs disclose the significant aspects of these financial instruments.

a) Significant terms and conditions

There are no significant terms and conditions associated with the financial instruments, other than investments, that may affect the amount, timing, and certainty of future cash flows. Significant terms and conditions for investments are described separately in these financial statements and notes thereto.

b) Interest Rate Risk

The Council is exposed to interest rate risk when the value of its financial instruments fluctuate due to changes in market interest rates. The Council does not have any long-term investments that may be affected by market pressures.

The Council's receivables and payables are non-interest bearing.

c) Credit Risk

The Council is exposed to credit risk from potential non-payment of accounts receivable or investment income and principal.

Most of the Council's receivables are from provincial and federal governments. Therefore the credit risk is minimal.

One of the Council's investments consists of a Flexible GIC with a major Canadian bank. This investment is in place to secure the Council's credit card with the same financial institution. All other investments are purchased through Saskatchewan Finance and the investments held are either from major banks, or provinces. Therefore, credit risk for investments and related accrued interest receivable is minimal.

6. **Financial Instruments** (continued)

d) Fair Value

For the following financial instruments, the carrying amounts approximate fair value due to their immediate or short-term nature:

Accrued Interest Receivable
Accounts Receivable
Short-term Investments
Accounts Payable

7. **Budget**

These amounts represent the operating budget approved by the Board of Directors.

8. **Pension Plan**

The Health Quality Council is a participating employer in the Capital Pension Plan, a defined contribution pension plan. Eligible employees make monthly contributions of 5.5% of gross salary, which are matched by the Health Quality Council. The Council's contributions for this fiscal year were $102,380.

9. **Contractual Commitments**

As of March 31, 2004, the Health Quality Council had the following commitments with related parties:

a) Quality Improvement Network (QIN)

The Quality Improvement Network is a key initiative to provide a foundation for improving the quality of health care throughout Saskatchewan. QIN is designed to support the development of quality improvement in Regional Health Authorities and to facilitate the sharing of quality improvement knowledge and experiences, as well as to provide the Health Quality Council with linkages in each region. The following schedule illustrates the Council's QIN commitment over the life of the program.

Year 1 - September 1, 2003 to August 31, 2004	$ 881,000
Year 2 - September 1, 2004 to August 31, 2005	$ 830,000
Year 3 - September 1, 2005 to August 31, 2006	$ 633,000
Total Commitment	$2,344,000

b) Innovation Fund

The Innovation Fund provides funding to Regional Health Authorities to develop, implement and evaluate innovative strategies that focus on improving the quality of care and building capacity in the healthcare system, using evidence-based care practices. The Council has committed $200,000 to this initiative.

c) Office Rent

	Monthly Cost	Expires
Saskatchewan Opportunities Corporation	14,725	July 2007

10. **Comparative Information**

The Council commenced operations on January 1, 2003, therefore comparative information is based on 3 months of operation for the period ended March 31, 2003.

Our Staff

HEALTH QUALITY COUNCIL

Personal Services

The individuals listed below received payments for salaries, honorariums, etc. which total $2,500 or more.

Agnew, Alex	66,995
Basky, Greg B	67,429
Bingham, Maureen C	74,543
Brossart, Bonnie D	71,308
Chan, Ben	88,976
Chessie, Kelly E	42,024
Clatney, Lisa J	32,135
Dunn Pierce, Tanya O	61,672
Elder, Laura N	28,042
Fedorowich, Lisa N	3,499
Gander, Laura D	68,326
Gautron, Mary K	5,628
Grenkow, Noreen TV	30,016
Hodgson, Grant T	2,853
Hudema, Nedeene RL	46,262
Jones, Meghan	6,326
Kulbida, Nancy	12,990
MacDonald, Heather D	45,676
Nisbet, Barbara A	38,905
Sidhu, Nirmal	8,356
Smillie, Mary M	24,565
Stevenson, Katherine	3,838
Thompson, Laurence G	91,640
Walling, Erin L	45,367
Barrett, Peter	5,863
Conway, John	3,413
Fox, Daniel	3,088
Kendel, Dennis	2,600
McMillan, Stewart	73,464
Smadu, Marlene	10,238

Supplier Payments

The companies listed below represent those suppliers who were paid $20,000 or more for the provision of goods and services.

Cronus Technologies	40,275
Great West Life	41,961
Horizon Computer Solutions	53,854
Janet Wright & Associates	63,522
Prairie Advertising	23,062
Sask Tel	21,524
Saskatchewan Cable Network	38,976
Supreme Basics	42,589
The Marketing Den	35,275
Various Other Suppliers	222,648
	583,685

Transfers

The agencies listed below represent organizations that were paid more than $5,000.

Capital Pension Plan	102,380
Cypress Hills Health Region	22,644
Department of Community Health & Epidemiology	5,134
Heartland Health Region	11,532
Mamawetan Churchill River Health District	5,274
Saskatchewan Opportunities Corporation	179,671
Saskatoon Health Region	128,876
Sunrise Health Region	7,389
University of Saskatchewan	19,207
Various Other Agencies	19,191
	501,296

Atrium Building, Innovation Place
241-111 Research Drive
Saskatoon, SK S7N 3R2 Canada
P: 306.668.8810
F: 306.668.8820
E: info@hqc.sk.ca

www.hqc.sk.ca